

Aspen Specialty Insurance Company
125 Summer Street, Suite 300
Boston, MA 02110

February 18, 2015

Via email to:

Charles A. Shadid
Charles A. Shadid, LLC
1901 Classen Blvd., Suite 222
Oklahoma City, OK 73106

Re: Insured: Charles A. Shadid, LLC
Claim #: PR1200037375
Date of Loss: 5/31/2013

Dear Mr. Shadid:

Aspen has concluded its claim investigation which includes information obtained from retained engineers and adjusters in addition to certain, limited information received from you in the form of documents and the sworn statement you provided. For the reasons that follow, Aspen must deny your claim for benefits at this time.

As you are aware, Aspen's policy generally provides coverage only for property damage to covered property resulting from a covered cause of loss that occurs during the policy period. The pertinent provisions are as follows:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
FORM CP 00 10 04 02

A. Coverage

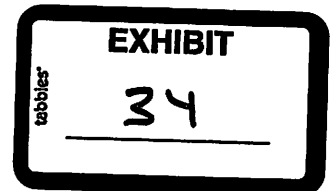
We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

COMMERCIAL PROPERTY CONDITIONS
FORM CP 00 90 07 88

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.



The following policy provisions serve to limit or exclude coverage under the policy:

**CAUSES OF LOSS – SPECIAL FORM
FORM CP 10 30 04 02**

B. Exclusions

2. We will not pay for loss or damage caused by or resulting from any of the following:

d.

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

Finally, the policy contains the following provisions which set forth the insured's duties in the event of a loss for which it seeks coverage under the policy:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM
FORM CP 00 10 04 02**

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

COMMON POLICY CONDITIONS
FORM IL 00 17 11 98

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

This is not intended to be an exhaustive listing of all of the applicable policy provisions, terms, limitations, or exclusions that may apply to this claim.

Through its investigation, Aspen was unable to confirm that any property sustained hail damage on the reported date of loss. To the contrary, Aspen's investigation revealed that the properties sustained significant hail losses in the years prior to the inception of the Aspen policy. Indeed, we have learned that the insured asserted claims for damages sustained during these prior weather events, but has refused to disclose any information regarding the scope of the damage sustained to the properties citing a confidentiality agreement as a part of the settlement of the prior claims. Information provided by the insured regard the scope of roofing repairs was scant. Aspen was unable to determine the actual scope of roofing repairs associated with the prior weather events as a predicate to determining what portions of the properties may have been affected on the date of this claim. Moreover, historical weather data supports the conclusion that any hail associated with the May 31, 2013 weather event would have not been of significant size to cause damage to the properties. Accordingly, the claim is being denied for lack of sufficient evidence of the occurrence of a covered loss on May 31, 2013, and for lack of cooperation of the insured in providing information to substantiate the claim.

Aspen continues to reserve all of its rights under the applicable policy of insurance and nothing herein should be construed as a waiver of those rights.

Regards,

Ken Smith
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on behalf of Aspen Specialty Insurance Company
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(Fax) 704-973-9303
(Mail) ACM, Inc., 510 E. 1st Street, Oakboro NC 28129
(Email) ken.smith@associatedclaimsinc.com

cc: Anthony Anniello, *Aspen Specialty Insurance Company*

Cliff Miller, *agent, Professional Insurors, LLC*